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SUBJECT: BOLIVIA: 2008-09 COUNTERNARCOTICS PERFORMANCE MIXED

¶1. (SBU) Summary: The Morales Government's 2008-2009 counternarcotics performance continues to be mixed, with slowly rising eradication levels and increased seizures in interdiction, but with legislative reform on hold until after the December 2009 presidential elections. UNODC's recent coca survey results indicate an overall six percent increase in coca cultivation despite GOB eradication efforts and a nine percent increase in total potential cocaine production. Embassy La Paz continues to have a regular working relationship with the Government of Bolivia (GOB) on counternarcotics issues. However, the GOB's approaches to controlling coca cultivation are inconsistent and heavily influenced by political considerations. End Summary.

#### Coca Cultivation

¶2. (SBU) President Evo Morales, who remains president of the Chapare Coca Federations, continues to rely heavily on his cocalero (coca farmer) support base to reinforce his hold on power and force &change8 in Bolivia. President Morales is promoting a coca cultivation regime that allows each registered coca grower up to one cato for cultivation. (In the Chapare, a cato means a maximum of 1,600 square meters of

coca and in the Yungas 2,500 square meters.) GOB efforts to hold the line at one cato per registered coca grower in the Chapare are increasingly being met with resistance, however, as more communities find that coca production is a lucrative business and desire more than the 1,600 square meter limit. Senior GOB officials estimate about 40 percent of the Chapare coca growers oppose the Morales regime's policy.

¶3. (SBU) GOB legal agreements with coca growers during the

last three years have allowed significant increases in licit coca cultivation. In September 2008, the GOB signed an agreement with the Yungas coca growers that allows for at least 26,000 licit hectares in the region. (Note: a hectare is approximately 2.47 acres. End note.) New coca plantings are established in the Isiboro-Secure and Carrasco National Parks, even though such plantings are illegal, as well as inside of indigenous territories.

**¶14.** (SBU) On January 25, 2009, Bolivian voters approved a new constitution backed by the Bolivian government and ruling Movement Toward Socialism (MAS) party. Article 384 states that the coca leaf is part of the country's cultural patrimony and heritage and contributes to the country's bio-diversity. This constitution is expected to encourage even greater coca cultivation. Some experts believe it may further encourage social groups to oppose incineration of seized coca by counternarcotics police.

**¶15.** (SBU) Although the GOB did not begin eradication until mid-February this year (in agreement with the USG because eradication results are usually low for December and January and therefore not cost effective), it is expected that the GOB will exceed the minimum goal of 5,000 hectares in 2009. However, an analysis of eradication efforts and coca cultivation over the past year indicates that re-planting has exceeded eradication, with the net result showing an increase in coca cultivation. The United Nations Office of Drug and Crime (UNODC) figures show 30,500 hectares of coca, while unofficial Crime and Narcotics Center (CNC) figures show 32,000 hectares. In 2008, the GOB eradicated 5,484 hectares, and in 2007 6,269 hectares. According to the Bolivian Law 1008, and as agreed to in the Letter of Agreement, the GOB is mandated to eradicate between 5,000 hectares to 8,000 hectares of coca each year. The GOB regularly meets the minimum requirement, but has yet to show consistency in reaching higher eradication levels.

**¶16.** (SBU) Even though the GOB has a written policy regarding social control of illicit and excess coca production and cocaine production, it has not been effectively implemented. Licit coca market data from the GOB, as well as DEA coca yield data for the Chapare, show that over 99 percent of all coca grown in the Chapare is sold to drug traffickers.

**¶17.** (SBU) The GOB's Joint Task Force (JTF) data shows that for 2009, only 22 hectares of coca were eradicated where maceration pits were found. Initial social control eradication was low (0.9-2.7 hectares/week), but recent social control eradication increased to around 5.5 hectares/week in the Chapare. This effort represents one percent of the total eradication effort for 2009, but shows that the GOB make some attempt and is sometimes willing to apply sanctions when coca growers violate President Morales's coca growing and usage norms.

#### Eradication

**¶18.** (SBU) Eradication figures for 2009 are modest, with 2,691 hectares eradicated through July 1. For 2009, the amount eradicated is 13.5 percent less than in 2008. About seven percent of coca eradicated occurred in the Yungas, an increase from the 4.8 percent in 2008. The GOB is eradicating close to 25 hectares daily in the Chapare and one to two hectares in the Yungas. At this rate, the GOB may surpass last year's eradication results. However, eradicating 5,000 to 6,000 hectares will not result in a net reduction of coca cultivation.

**¶19.** (SBU) Eradication in Bolivia's national parks, where all coca is illegal, proceeds at a slow pace. For 2009, no eradication has occurred in the Isiboro-Secure National Park and only 36 hectares in the Carrasco National Park. UNODC's report shows a cultivation increase between 2007 and 2008 of 13 percent for a total of 2,063 hectares in both National Parks.

¶10. (SBU) As mentioned above, Article 384 of the new Bolivian Constitution can be read as empowering and encouraging coca growers to cultivate beyond legal limits, since the State is now tasked with "protecting" the coca leaf as part of its cultural patrimony and heritage.

¶11. (SBU) The GOB continues to struggle with the overall regulation of licit coca sales. The GOB does not have sufficient control of licit coca sales. Although some regulations are documented, the GOB has no dedicated staff to review and enforce these regulations. Regulation has further been complicated by the issuance of thousands of licenses for retail sales directly to coca growers. In some cases, those who are found in violation of the laws regarding illicit coca sales only lose the coca with no sanctions imposed on them.

#### Interdiction

¶12. (SBU) Since the expulsion of DEA in November 2008, the GOB has attempted to demonstrate that it can successfully operate without DEA's assistance. During the first few months of 2009, interdiction results were up. Compared to 2008, the number of operations increased by 17 percent; seizures of coca leaf increased by 18 percent, base labs 21 percent, marijuana 287 percent, HCl labs 37 percent, and seizures of liquid and solid precursors by 94 percent and 24 percent. Cocaine seizures are about the same as in 2008, currently at 12.2 metric tons. There remains a concern, however, that the statistics may show a gradual decline through the remainder of the year. When compared to 2008 data, statistics for 2009 begin a slight decrease in virtually all interdiction categories. Seizure of marijuana is the only category that shows a real increase when compared to the previous year. Several categories that show an increase in seizures include marijuana, cocaine HCL crystallization labs, and precursors.

¶13. (SBU) The Bolivian counternarcotics police (FELCN) continue to seize cocaine laboratories, but it is unclear whether these operations are effective and efficient. FELCN arrested workers in these seizures, but not the organizational leaders associated with the labs. Sophisticated drug processing equipment and several mega-labs were seized, but almost no cocaine. Before their expulsion last November, DEA noted a significant increase in the use of mobile Colombian-style drug laboratories throughout Bolivia, and a rapid decline in the use of the traditional Bolivian stomping maceration pits. DEA data showed an increase from 31 to 64 percent of Colombian-style drug labs between the first and third quarters of fiscal year 2008. DEA noted some changes in drug trafficking developments in Bolivia, including the increasing production of refined cocaine HCl in Bolivia, widespread HCl production in small laboratories using new technology and equipment, and the increasing sophistication of Bolivian drug trafficking organizations. When combined with the systematic increase in coca cultivation and implementation of new legal and political coca expansion policies and programs, the end result is more cocaine.

¶14. (SBU) For 2009, there is a notable increase in drug trafficking-related violence and murders, particularly in the city of Santa Cruz and the Bolivia-Brazil border region. FELCN police arrested more Colombians during the first six months of 2009 for drug trafficking, further raising concerns of a significant Colombian cartel presence, especially in relation to mega-lab seizures that occurred this year. Since DEA's expulsion, the scarcity of drug trafficking intelligence is apparent in arrests of only lower-level Bolivian drug traffickers combined with the inability to arrest the foreigners (Brazilians, Colombians, Mexicans) behind some of the larger drug trafficking rings (REFTEL A). GOB public statements that between 30-50 percent of all the cocaine that leaves Bolivia actually comes from Peru still requires verification.

¶15. (SBU) To further combat narco-trafficking, in April the

Bolivian government created the Unit of the Integrated Battle Against Drug Trafficking (UELIC) and appointed General Miguel Vasquez, a former general of the Bolivian National Police, to be in charge of the office. Government Minister Alfredo Rada reported that the UELIC will have a \$20 million budget, but it is unclear if this funding will continue year after year. Some of this funding will contribute to the \$8 million in economic incentive payments for GOB CN project personnel. UELIC will coordinate with other Vice Ministries in counter-narcotics work. Vasquez has compared UELIC to the NAS, and makes reference to his office as the &Bolivian NAS8. Vasquez says that UELIC would finance those areas not covered by NAS under the LOA, and that financial contributions are complementary. The unit will have a staff of approximately eight people, including accountants, an auditor, financial analysts and monitoring and evaluation experts.

#### Alternative Development

¶16. (SBU) Despite challenging bilateral relations, the Integrated Alternative Development (IAD) program remained on track in 2008, achieving most of its planned targets and exceeding some. During the last 12 months ending in March 2009, exports of key products derived from the Tropics of Cochabamba and the Yungas region of La Paz reached 40 million USD, up from 34 million USD achieved the year before. Farmers received 28 million USD in sales generated from products directly supported by IAD programs up from 16.5 million USD in 2007. Six hundred thirty-three kilometers of roads were maintained or improved, and ten bridges were constructed in the two regions, helping producers bring more goods to market. Over 5,300 hectares of farmland were either newly planted with alternative crops, or made more productive, and approximately 600 hectares were placed under forest management plans. In FY 2008, 13,432 families benefited from support for productive activities or social infrastructure (e.g., access to potable water, school improvements, health centers, etc.).

¶17. (SBU) In the same period, approximately 3,800 people (over 1,000 families) in the Yungas benefited from access to improved drinking water supply thanks to the IAD supported construction of five new water systems. More than 1,500 people benefited from the construction of new latrines and access to improved sewage systems in the Yungas of La Paz. USAID support is also helping improve the quality, productivity, and marketability of Bolivian coffee, thus increasing the incomes of approximately 4,000 coffee producers, mainly in the municipality of Caranavi.

¶18. (SBU) Significant progress has been made over the past two years in initiating productive activities in the Yungas municipality of La Asunta, a region historically resistant to any effort on the part of the Bolivian Government to reduce coca production and pursue alternative development. While relatively modest, USAID's investments since 2006 have helped raise appreciation for both public goods (e.g., bridges) and productive activities which help diversify the region's economy. As previously mentioned, the GOB reached a coca control agreement with the La Asunta federations and since then has been working to expand voluntary eradication in the prioritized zones. Demand for alternatives, especially in those districts where voluntary eradication has begun is high and a plan is being implemented to support those products considered to have the greatest potential (coffee, stevia, rice, honey, poultry, and bananas). Some notable social investments made over the past two years in La Asunta include: two foot bridges of significant scale; youth leadership training for 250 high school seniors; and one school and classroom additions for two other schools.

¶19. (SBU) In the Chapare, following the actions of the coca leaders to "expel" USAID from the region in December 2008, USAID and the GOB reached formal agreement to phase out activities in an orderly fashion. All infrastructure investments (e.g., bridges, markets, kindergarten, and

dormitory for a technical college) with the exception of one bridge in Villa Tunari, are completed. There remains considerable interest in both social and productive support but there are no plans to continue social investments beyond June 2009.

#### Law Enforcement and Judicial Institutional Development

¶20. (SBU) Beginning in December 2007 and continuing for a year through December 2008 NAS, DEA, the GOB and numerous regional partners worked together on a &priority legislation project<sup>8</sup> to strengthen existing CN, money laundering and terrorist financing laws in Bolivia. The new legislation was submitted to the Congress for review in the latter part of 2008 and remains there as of this date. High level GOB officials have told NAS that there will be no decisions regarding this matter until after the December 2009 Presidential elections.

¶21. (SBU) In January 2009 NAS signed a new memorandum of understanding (MOU) with the GOB Attorney General which provides for continued support to the counternarcotics prosecutor program in Bolivia. The MOU includes agreement by the Attorney General to reestablish the use of polygraph examination for all prosecutors and assistants in this program. (NOTE: In November 2007 the Attorney General prepared and distributed an administrative notice ceasing the use of the polygraph exam within the NAS/DEA program claiming it was in violation of the Bolivian constitution.) However, the GOB's UELIC office has expressed interest in developing its own polygraph program with the assistance of NAS.

¶22. (SBU) In May 2009 the Ministry of Government officially requested that NAS provide the GOB with administrative and technical support in the creation of a &special technical investigative unit<sup>8</sup> to initiate its own polygraph program and to address the continuing corruption issues within the counter narcotics police forces working in the Chapare and Yungas. No further development has occurred.

¶23. (SBU) In February 2009 the Ministry of Government sent the National Police Commander a directive advising that BNP officers not attend US-sponsored training abroad. This directive was made at the same time of an ongoing corruption case involving several MAS party officials and a subsequent attempt by the GOB to deflect blame in the case to a former BNP officer. This officer, during his police career, had attended a number of USG-sponsored training courses, and was now being identified as a &US-trained spy<sup>8</sup> that was responsible for the corruption within the GOB institution.

¶24. (SBU) The NAS sponsored law enforcement training program in Bolivia continues and is very successful. In 2008 approximately 3,000 BNP officers received both basic and advanced training courses to assist in their professional development. In addition, the NAS BNP program has developed an extensive human rights training initiative that involves &Use of Force Policy<sup>8</sup>; Trafficking in Persons; and Gender Equality within the National Police. In conjunction with the BNP command and GOB Congress, NAS is currently involved in rewriting existing police regulations and GOB laws in these areas.

¶25. (SBU) The Department of Defense sponsored CN training courses have dramatically declined since FY 2007. At the end of calendar year 2008, the GOB military informed USMILGROUP that they were directed to not enroll in any training that included doctrine . USMILGROUP continues efforts to engage with the Bolivian military and other law enforcement entities.

¶26. (SBU) CN funding for DOD is comprised of funds from the U.S. Air Force, U.S. Navy and the U.S. Army. Funded courses include pilot training, maintenance training, logistics training and law enforcement courses. In FY 2007, USMILGROUP CN funding paid for 18 law enforcement specific courses at 183,000 USD. In FY 2008, this dropped to 23 courses at

157,000 USD. Due to poor relations with Bolivia, in FY 2009, MILGROUP funded no law enforcement courses. Plans for FY 2010 will only include funding for non-law enforcement courses, such as pilot training.

Comment

¶27. (SBU) Although the GOB instituted its own CN office to complement USG foreign assistance funding, the Bolivian Government's performance on CN programs has shown little advancement from last year. The eradication pace is steady but will not achieve net reduction of coca cultivation given significantly increased planting across the country. A bright spot is in alternative development, where the Integrated Alternative Development (IAD) program is still on track and has benefited many. Interdiction efforts by the GOB are continuing without the presence of DEA. The GOB has carried out several operations with considerable publicity and as evidence of their ability to act without DEA assistance. Key legislative reforms are at a halt until after the Presidential election. In sum, the GOB demonstrates mixed CN results. The expulsion of the DEA in December 2008 had a deleterious effect on the CN program. In the absence of an effective multi-national replacement for the DEA as promised by the GOB subsequent to the expulsion, post is unable to state that GOB CN cooperation has improved in the past year.

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